CAHS
100 years

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TESTIMONY IN SUPPORT OF HB 5048, AN ACT ESTABLISHING THE CHET BABY SCHOLARS PROGRAM

Good Afternoon Senator Fonfara, Representative Widlitz and Members of the Finance, Revenue and Bonding Committee. I am Roger Senserrich, Policy Coordinator at the Connecticut Association for Human Services (CAHS). CAHS is a statewide, nonprofit agency that works to reduce poverty and promote economic success through both policy and program work.

I am here to express our support for HB 5048, a bill that would establish children savings accounts to help pay for college for all children born in the state. The proposed bill offers $100 to all parents who create a CHET Baby Scholar account, a 529 savings plan under the Connecticut Higher Education Trust Fund, and offers up to $150 in matching funds for additional deposits.

CAHS strongly supports the principles behind this bill: providing incentives for families for asset building is good policy, and encouraging forward looking investments in higher education generates powerful returns both for the students and the economy at large. Research shows that family assets and debt are powerful predictors of college completion, and might in fact be more influential than income.[1] The CHET Baby Scholar program gives families tools to start planning for college from the very start.

Although the direct dollar incentive in the proposal appears to be modest (up to $250), research suggest that even a comparatively small amount of funds can push parents and students towards preparing for college.[2] Children savings accounts do encourage asset building, but above all produce a change in attitudes: they encourage students to see themselves as college bound. A college savings account also nudges parents into having the same expectation for their kids. This higher expectation for success is associated with greater academic effort and achievement, meaning that a small investment can go a long way towards creating opportunity for children.

[1] http://csd.wustl.edu/Publications/Documents/WP13-36.pdf
[2] http://csd.wustl.edu/Publications/Documents/P13-27.pdf

It is important to take into account some of the implementation details on these accounts however, and here HB 5048 could be improved with some changes. The experience in other states that have introduced similar programs shows that how enrollment is handled is crucial for its success. The CHET Baby Scholars framework is an "opt-in" plan: the accounts are available for all newborn kids, but parents need to apply for a 529 account in order to be able to receive the initial $100 grant and participate in the program. Maine first implemented a college savings account program in 2008, the Harold Alfond College Challenge, implementing an opt-in model with an initial $500 grant. During the first five years of operation, only 40% of all eligible children were enrolled in the program. Research indicates that parents in Maine with more education, other investments and financial advisors were much more likely to apply for the program, while lower income families stayed out.[3] The cumbersome application process deterred many parents, making the program regressive.

Maine policymakers reacted by changing the program to an "opt-out" model: children are automatically enrolled at birth, receiving a $500 account right away.[4] Parents who want to make additional contributions then open a 529 that receives matching contributions from Maine's NextStep fund. The initial grant is in the form of a deposit into an "omnibus" 501c3 scholarship account,[5] avoiding the need for using Social Security Numbers and enabling the use of birth record information to create the account. The parents receive a single quarterly statement with the returns, making the process transparent while acting as reminders for the need to save. The result is a truly universal program without the entry barriers of an opt-in model. Parents are strongly encouraged to save, and as the initial grant is deposited on a 501c3, they cannot use those funds for anything other than education.

To make the CHET Baby Scholar program effective for those lower-income children and families that need it most, Connecticut should adopt an opt-out model, making the system truly universal. The program needs to be as simple as possible, to make sure that less financially aware families are not excluded. To ensure that the state's resources target those families that need them the most, matching funds should be focused on low-income families.

In addition, the program should include financial education: quarterly reports should include financial advice, and the CHET Baby Scholar program should provide easily accessible financial education opportunities and encourage voluntary participation. Working in parallel,

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[3] Huang, J., Beverly, S., Clancy, M., Lassar, T., & Sherraden, M. (2013). Early program enrollment in a statewide Child Development Account Program. Journal of Policy Practice, 12(1), 62–81

[4] Clancy, M. and Sherraden, M. (2014). Automatic Deposits for All at Birth: Maine's Harold Alfond College Challenge. CSD Policy Report, 14-05.

[5] The Internal Revenue Code 26 USC § 529 (e) views "entity scholarship accounts" as either an omnibus account without designated beneficiaries or an account with a specific beneficiary.

financial education should become required throughout the K-12 school system. HB 5490, a bill currently sitting on the Banks Committee, would create this requirement.

The CHET Baby Scholars program has the potential to open the doors of opportunity for thousands of kids in the state. For this to happen, however, we need to make sure that the program is truly available for those that need it the most. Saving for college can give a powerful sense of purpose for students and parents alike. Let's make sure that the door opens for all of them.

CAHS has consulted with experts from CFED, formerly the Corporation for Enterprise Development, who have studied children's savings account programs from across the U.S., in preparing this testimony. We are including with the testimony more information regarding the Maine program with specific details on its implementation.. Please contact me at rsenserrich@cahs.org if you need more information CAHS would also be pleased to work with members of this Committee or others to strengthen HB 5048 as it goes through the legislative process.

We encourage you to support HB 5048 and strengthen it. Thank you again for your consideration.

Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

| MARCH 2014 | CSD POLICY REPORT 14-05 |

Automatic Deposits for All at Birth: Maine's Harold Alfond College Challenge

By Margaret Clancy and Michael Sherraden

*"We've come to realize that providing the opportunity to receive the [College Challenge] grant isn't enough. We need to make sure that **all Maine babies** actually receive the grant."*

~Gregory Powell, Chairman of the Harold Alfond Foundation

Child Development Accounts (CDAs), opened as early as birth, promote saving and asset accumulation for postsecondary education and other developmental purposes. Ideally, CDA programs include all children, with progressive funding for those most disadvantaged (Sherraden, 1991; Beverly, Elliott, & Sherraden, 2013).

The first statewide CDA in the United States—Maine's Harold Alfond College Challenge—has announced a major change in strategy to *automatically enroll* all newborns as a way to "raise aspirations for and improve access to higher education for Maine's young people" (Harold Alfond Foundation [HAF], 2013, p. 3).

Maine's Harold Alfond College Challenge has announced a major change in strategy to ***automatically enroll*** all newborns.

Evidence from CDA research has contributed to the decision by the College Challenge to remove its original *opt-in requirement*—in which parents must enroll their newborns in the state's 529 college savings plan to receive a $500 grant—in favor of *universal enrollment*—in which every child is enrolled automatically at birth with a $500 grant: "Specifically, research conducted by experts at the Center for Social Development at Washington University in St. Louis has suggested that, if universal enrollment is the College Challenge's policy goal, an 'opt in' strategy may not do the job....the Center has raised serious questions about [the] program's underlying 'opt-in' structure while reinforcing its overarching mission" of providing "every Maine baby with a college account" (HAF, 2012, pp. 5, 4).

From 2008 to 2013, the College Challenge invested approximately $11.5 million on behalf of nearly 23,000 Maine babies. As of 2013, about 40% of eligible children had been enrolled and received the $500 grant. Despite extensive marketing and outreach efforts by the Alfond Scholarship Foundation (ASF)[1] and the Finance Authority of Maine (FAME),[2] some parents may have been deterred by a two-step enrollment process and a complicated 529 college savings plan application (Clancy & Lassar, 2010).

Research indicates that parents in Maine with more education, other investments, and a financial advisor were more likely than those who were less financially sophisticated to enroll their children in the College Challenge. It may be that enrolled children's parents better understood the program rules, benefits, and application process (Huang, Beverly, Clancy, Lassar, & Sherraden, 2013). The likely result is that "those not participating are from families who would benefit most" (HAF, 2012, p. 5).

Universal and Automatic Deposits at Birth

With universal enrollment, the ASF automatically deposits $500 into their omnibus (or umbrella) 501(c)(3) scholarship account for each Maine resident newborn. Using birth record information that they receive monthly from the Maine Bureau of Vital Records within the Department of Health and Human Services (DHHS), FAME tracks the account value for each newborn (Figure 1). Parents do not need to opt in (but may opt out) of the College Challenge (Table 1).[3]

The College Challenge expects that about 62,500 Maine children (12,500 annually) will receive approximately $31,250,000 ($6,250,000 annually) over the next five years (Figure 3). Recipients can use College Challenge funds—including the initial $500 grant plus earnings—and any family contributions and NextGen Matching Grants for qualified higher education expenses at in-state and out-of-state four-year colleges, community colleges, vocational schools, and other postsecondary institutions. The NextGen 529 structure will allow for transfer of funds directly to qualified higher education institutions (see Figure 1).

Figure 1. Automatic Enrollment and Communications in the College Challenge

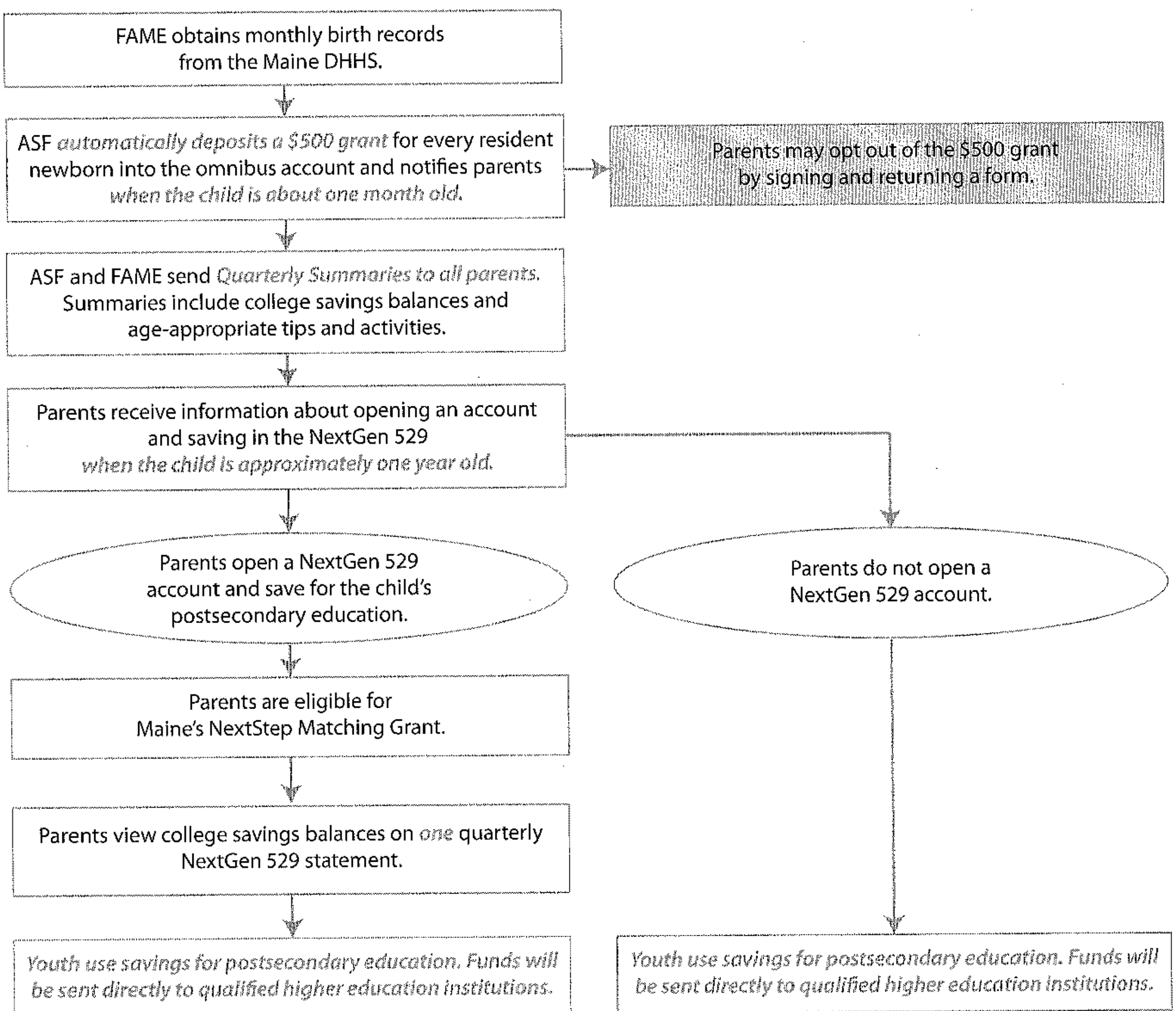


Table 1. College Challenge Opt-In versus Opt-Out Enrollment and Communications

Opt-in strategy (2008–2013)[a]	Opt-out strategy (2014 and beyond)
Enrollment	
Parents[4] had to open a Maine NextGen 529 account before the child's first birthday to receive the $500 grant.	College Challenge ***automatically enrolls*** Maine resident children at birth and deposits $500 into the ASF omnibus account.
Application	
Parents completed a short form available at hospitals, doctors' offices, and libraries and online to obtain an enrollment kit.[5] Parents were required to complete a NextGen 529 application to receive the $500 grant.	Parents are ***not required to take any action.***
Financial and educational communications	
All parents received information about opening an account and making contributions in their own NextGen 529 account. Communications specific to the College Challenge (i.e., explaining that no initial contribution was required, etc.) supplemented the NextGen 529 materials.[6]	The College Challenge ***notifies all parents of the $500 grant*** when the child is about one month old. All parents will receive information about opening and contributing to their own NextGen 529 account when the child is approximately one year old.
Parents who opened their own NextGen 529 account received Quarterly Summaries with college savings balances—which include the College Challenge grant, family contributions, NextGen Matching Grants, and earnings—and age-appropriate tips and activities (Figure 2).	***All parents[b] receive Quarterly Summaries*** (see Figure 2) with college savings balances—which include the College Challenge grant, family contributions, NextGen Matching Grants, and earnings[c]—and age-appropriate tips and activities.[d]
Parents who opened their own NextGen account viewed their child's college savings balance—including the College Challenge grant, family contributions, NextGen Matching Grants, and earnings on *one* quarterly NextGen statement delivered by the 529 program manager.	Same

[a]A 2008 pilot program was open to infants born at two hospitals in Maine. The first year of statewide program eligibility was 2009.

[b]All parents, not only those who open a NextGen 529 account within the children's first year, receive Quarterly Summaries (see Figure 2).

[c]The Quarterly Summary will reflect zero values for contributions and matching grants (see Figure 2) if the family has not opened an account and saved for the child. The phrase "family contributions" refers to deposits from any individuals, including the child's family members and others.

[d]Tips and activities vary quarterly and include topics such as reading, science, math, health, and finances. As College Challenge babies mature, regularly distributed educational materials will be appropriate for older children and their families. See http://www.500forbaby.org/Files/Pages/parent_resources.aspx.

Figure 2. Sample Quarterly Summary*

COLLEGE

www.500forbaby.org

TIPS for Isaac

- A Get Ready to Read!
- B On the "Write" Path to Reading
- C Take Isaac to the Library

RESOURCES: 500forbaby.org/resources

Account Owner:
Susan Sample
123 Main Street
Anywhere, ME 55555-5555

NextGen College Investing Plan®
Account Number Ending In: 555
Quarterly Summary for
Account Beneficiary:
Isaac A. Sample

	Oct-Dec 2013	As of 12/31/13		
	Activity This Quarter	**Total Account Activity**	**Market Movement**	**Current Value**
Alfond Grant	$0.00	$500.00	$94.25	$594.25
Contributions	$0.00	$100.00	$16.94	$116.94
NextGen Matching Grants	$0.00	$50.00	$8.48	$58.48
Total	**$0.00**	**$650.00**	**$119.67**	$769.67

See reverse side for important information and how to read the Quarterly Summary.
QUESTIONS? CALL FAME 1-800-228-3734

LITERACY
3-5 Years

TIPS for Isaac

- A **Get Ready to Read!** Research shows that children whose parents read to them have an easier time learning to read. Read Isaac fun and lively stories every day and encourage playing with books.
- B **On the "Write" Path to Reading.** Leave "I love you" or "see you when you get home" notes in a lunchbox, or have Isaac hold the grocery list while you shop to practice reading.
- C **Take Isaac to the Library.** Get into a routine of taking Isaac to the library for story time and to check out books. The librarian will also likely have recommendations.

Alfond "TIPs" have been developed for the Alfond Scholarship Foundation (ASF) by the University of Maine Cooperative Extension and are provided to you by the ASF, which is solely responsible for "TIPs" content.

Invest in Isaac's Dreams!

CONTRIBUTION COUPON

Make a contribution and help make the dream a reality!

Account Number
555

Date: ____________

Account Owner's Last Name
SAMPLE

Account Owner's First Name
SUSAN

Isaac A. Sample
NextGen Account Beneficiary/Student Name

Contributions by check:
Enclose a check payable to:
NextGen FBO (Beneficiary/Student Name)

Deposit Total* $

If the individual making a contribution is not the account owner, refer to the reverse side for more information regarding third party contributions.*

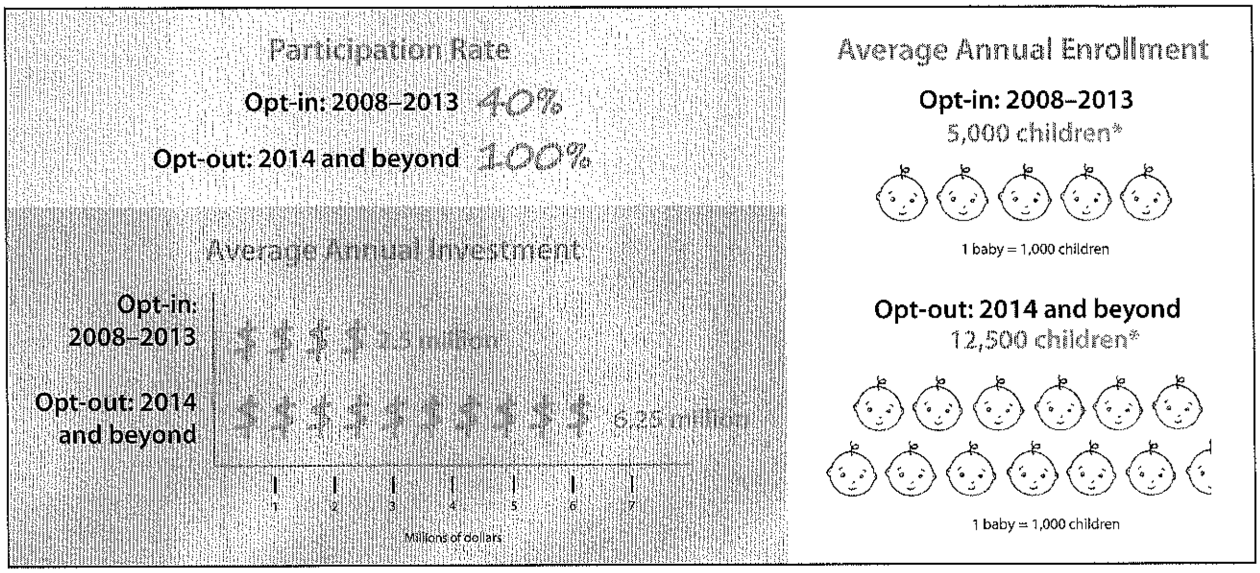
NextGen

FAME
Finance Authority of Maine
Business & Education at Work for Maine

*Please review "IMPORTANT INFORMATION" on the reverse side prior to making a contribution.

*This figure illustrates a sample Quarterly Summary for a child whose family has opened a NextGen 529 account. If a NextGen 529 account has not been opened, the summary will report the value of the $500 grant only, and the contribution coupon will be replaced with information about opening a NextGen 529 account.

Figure 3. Participation and Investment in the College Challenge



*Estimates.

As in the previous opt-in strategy, the $500 grants are deposited into an omnibus account on behalf of the children[7] and invested in a restricted portfolio within the NextGen College Investing Plan® (NextGen 529). This unique structure ensures that College Challenge funds are used only for qualified educational purposes and kept separate from money contributed by families who open their own NextGen 529 accounts.[8] A key feature of this structure is that the 529 program manager reports College Challenge funds, family contributions, NextGen Matching Grants, and earnings are reported on *one* quarterly NextGen 529 statement.[9]

College Challenge funds, family contributions, NextGen matching grants, and earnings are reported on *one* quarterly NextGen statement.

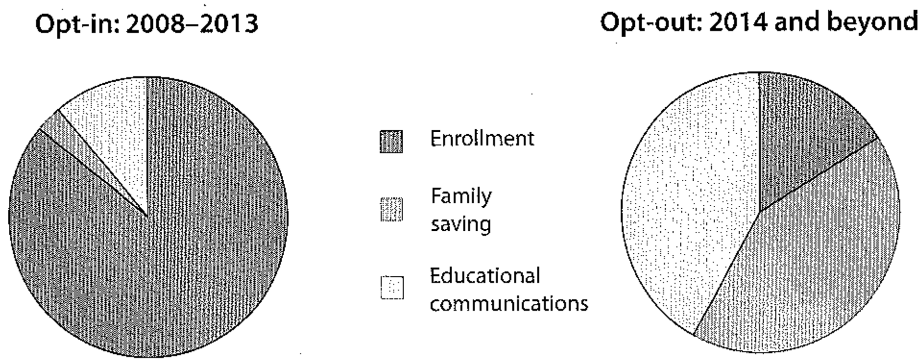
Family contributions to NextGen 529 accounts are eligible for NextStep Matching Grants—50% matches—up to $100 per year with a lifetime maximum amount of $1,000, regardless of family income. In 2011, NextGen eliminated household income thresholds for the savings match. This policy change eliminated the annual match application and savers' self-certification of adjusted gross income.[10] Thus, if certain rules are met, NextStep Matching Grants are *deposited automatically.*[11]

College Challenge resources that had been used under the opt-in strategy to enroll children may now focus on encouraging family contributions, developing educational communications aimed at increasing children's and families' aspirations, boosting parental engagement, and improving college readiness. Figure 4 estimates the allocation of operational resources under the opt-in and opt-out strategies for the College Challenge.

Universal and Automatic CDAs

Automatic enrollment in the College Challenge ensures that every Maine resident newborn will receive a $500 grant for postsecondary education. This universal participation matters because *every* child—including disadvantaged children who may gain the most—will have the opportunity to benefit from having a CDA. Universal and automatic CDAs also foster a culture of saving for education among all families with children and encourage creative funding flows. For example, when all children participate, teachers can incorporate CDAs into classroom lessons in math and financial planning, and businesses might offer matching contributions or benchmark incentives to children in local schools to increase savings.

Figure 4. Allocation of College Challenge Operational Resources



There are several reasons to expect that CDAs improve educational outcomes for youth. Some researchers propose that CDAs may increase college success by raising the educational expectations of parents and children and helping families be financially prepared for college. Specifically, CDAs may bring about these changes by:

1. communicating to parents and children that college is important and expected,
2. communicating to parents and children that planning and saving for college are important,
3. providing a place to deposit money when families are motivated and able to save for college,
4. providing assets for college, and
5. increasing parents' and children's financial capability (see Beverly et al., 2013, pp. 4-5).

Notably, researchers suggest that CDAs may influence college success *whether or not families open their own college savings accounts and save some of their own money for college.* In other words, automatic enrollment and deposits alone may trigger some of the positive changes expected to improve educational outcomes.

The $500 grant in the College Challenge is important because it is an investment in the future education of children. Without CDAs, advantaged families are much more likely than disadvantaged families to have money set aside for college (Beverly, Kim, Sherraden, Nam, & Clancy, 2012). When parents know that someone—*especially someone outside the family*—has invested in their children's future, they may be more hopeful (Gray et al., 2012), which may change their attitudes and behavior during the childhood years. Positive parental attitudes and behaviors may affect the child in numerous positive ways.

Quarterly Summaries remind parents and children about the importance of a college education, the importance of saving for college, and that children have college savings.

Communication is another important component of the College Challenge (see Table 1 and Figure 4). Quarterly Summaries (see Figure 2) remind parents and children about the importance of a college education, the importance of saving for college, and that children have college savings. It is noteworthy that the opt-out strategy in Maine provides Quarterly Summaries to *all* parents—not only those who open a NextGen 529 account within the child's first year (see Table 1).

The following is a quote from a study participant whose daughter received a CDA as part of SEED for Oklahoma Kids (SEED OK), a research and policy experiment to invest in all children at birth. It highlights the value of initial deposits and quarterly 529 statements:

> I think it's very important for her future. Cause I think that if she continues to see these [statements] come in then, that people beside me and her dad, you know, and family—but people out there that she has no idea about—want to give her money to go to school, then it must be darn important to go to school...I'll be like, "this is your mail, you know, and this is 'cause you got this money when you were born," and I think that it will be just an encouraging story." (Sherraden et al., 2013, p. 74)

Automatically opened CDAs with an initial deposit may have particularly strong effects for disadvantaged children. Children in middle- and upper income families may grow up knowing that they will go to college whether or not they have CDAs. In contrast, low-income parents may believe that college is unaffordable, and this belief could influence children's educational expectations. However, "CDAs may change this dynamic in low-income families, allowing parents and children to see college as a possibility" (Beverly et al., 2013, p. 6).

SEED OK, which automatically opened and deposited $1,000 in an Oklahoma College Savings Plan account for 1,360 children born in 2007, increased disadvantaged young children's social-emotional development at age four. The impact is larger in families that have low education and low income, receive welfare benefits, and rent their homes. Further analysis shows that children's development is affected positively by SEED OK, regardless of whether parents have saved (Huang et al., 2014). In other words, it may be holding an account and having assets for college—not saving behavior of parents—that matter for child development.

Key Partnerships with Agencies and Community

In addition to state partnerships with FAME, NextGen, and the Maine DHHS, the College Challenge has engaged business, foundation, education, and other community partners. These partners provide support—and sometimes offer matching contributions—to encourage opening of and saving in parent-owned NextGen 529 accounts. A number of organizations have made specific commitments, and additional partnerships are in the planning stages. Table 2 provides examples of newly created or existing partnerships. As noted in Figure 4, with universal enrollment, the College Challenge can use more operational resources to encourage family contributions and increase educational information in 2014 and beyond.

> Automatically opened CDAs with an initial deposit may have particularly strong effects for disadvantaged children.

Table 2. College Challenge Partnerships

Type	General description
Businesses	Businesses raise awareness of the College Challenge among their employees, promote payroll deduction, and—in some cases—provide corporate matching contributions to parents who open a NextGen 529 account (usually by the child's first birthday). FAME can provide on-site Lunch & Learn NextGen application assistance.
Foundations and other nonprofit organizations	Foundations leverage existing programs (Head Start and Volunteer Income Tax Assistance [VITA]) to encourage family contributions and promote educational communications. For example, nonprofit organizations that serve as VITA sites, where low-income families can get help completing tax returns and claiming their Earned Income Tax Credit, work with FAME to encourage families to open NextGen 529 accounts and deposit a portion of their tax refunds.
Education experts	Education experts provide advice on the development of educational communications. The College Challenge shares information with parents about the importance of reading at home, participating in parent-teacher conferences, asking about homework, etc.

Context and Potential Going Forward

The concept of universal asset building for child development and lifelong financial security was introduced in the United States in *Assets and the Poor* (Sherraden, 1991), which suggested the use of universal and progressive accounts beginning as early as birth. Since that book's publication, policy discussions have become widespread, the benefits of asset building are broadly accepted, many applications of asset-building policies have been initiated, research has built a body of knowledge on potential positive impacts, and a new generation of policy researchers has taken up this area of inquiry. The stage has been set for Maine's College Challenge, the first statewide asset-building policy in the United States to include universal and automatic accounts at birth.

The United States is fortunate to have a vibrant philanthropic community that, at its best, plays a leadership role in initiating new ideas that are later taken up by others. Although it uses philanthropic resources, the College Challenge is modeling public policy. Many nations use public funds for monthly child allowance payments or child savings accounts (Curley & Sherraden, 2000; Loke & Sherraden, 2009). In this comparative context, the United States has underinvested in its children, and universal CDAs are a productive way to reinvest.

Maine's College Challenge serves as a model for other state 529 college savings plans and also will inform policy discussions and proposals at the national level.

Maine's College Challenge serves as a model for other state 529 college savings plans and also will inform policy discussions and proposals at the national level. Several states offer 529 college savings matches for children and youth or incentives for enrolling young children (Lassar, Clancy, & McClure, 2011). Other states are considering or implementing 529 plan initiatives with the goal of greater inclusion of the state's population.[12] It is conceivable that other states will follow Maine in creating universal and automatic accounts with initial deposits at birth, and federal policy discussions for universal and progressive CDAs have been renewed.[13]

Because successful implementation of universal and automatic accounts and deposits requires a savings plan structure, the existing 529 policy platform in the states plays an important role. The policy platform for universal and progressive CDAs does not have to be built because it is already in place. The 529 infrastructure is an "underutilized public good waiting to be designed to serve all families in America" (Sherraden, 2009).

If inclusion is a guiding principle in public policy, no model could be more appropriate than Maine's College Challenge. Existing 529 plans across the United States predominantly serve advantaged families who receive public subsidies through tax benefits (Clancy, 2001; General Accounting Office, 2012; U.S. Department of the Treasury, 2009). This policy—like other tax subsidies for asset building in home ownership and through 401(k) plans—is highly regressive (i.e., most of the benefits go to the wealthiest). As such, these existing policies are an ineffective use of public resources.

If public subsidies are to be used for building assets—including education, homes, retirement accounts, and others—funds should be distributed among all Americans. Nowhere is the discrepancy in inclusion more apparent or more harmful than in rates of educational attainment. For all of these reasons, the 529 structure is a promising platform to establish a new policy principle of inclusion in asset building (Clancy, 2001; Clancy, Orszag, & Sherraden, 2004; Sherraden, 2009). Maine's College Challenge may lead not only to state 529 innovations for greater financial inclusion and educational attainment but also to broader policy considerations. The College Challenge puts squarely on the table the good governance principle of inclusion in asset building, and this can only be positive.

Endnotes

1. The nonprofit Alfond Scholarship Foundation (ASF) manages the College Challenge. The Harold Alfond Foundation is a private foundation that provides funding for ASF and the College Challenge to fulfill Harold Alfond's vision that "every child in the 21st century should have aspirations and access to higher education."

2. The College Challenge is administered by the Finance Authority of Maine (FAME). The NextGen College Investing Plan® is administered by FAME, with financial oversight provided by the Maine State Treasurer. Merrill Lynch is the program manager of the NextGen 529 plan.

3. Of the 1,361 treatment participants in the SEED OK study, one mother declined the automatic account with $1,000 initial deposit for her child for religious reasons (see Zager, R., Kim, Y., Nam, Y., Clancy, M., & Sherraden, M. (2010). *The SEED for Oklahoma Kids Experiment: Initial account opening and savings* (CSD Research Report 10-41). St. Louis, MO: Washington University, Center for Social Development.

4. Parents generally enroll a child; however, anyone 18 years or older, regardless of residency, may open a NextGen account on behalf of a Maine resident newborn.

5. This step was eliminated for online applicants in March 2011.

6. For lump-sum contributions before July 2013, the minimum initial required contribution for NextGen direct-sold and broker-sold 529 plans was $250. College Challenge materials, which notified parents that the minimum deposit was not required, supplemented the NextGen application. NextGen's current minimum initial contributions are $25 for the direct-sold plan and $250 for the broker-sold plan.

7. For the opt-out strategy, the children's Social Security numbers are not needed at birth to designate the $500 grants since they are deposited into ASF's omnibus account. Internal Revenue Code 26 USC § 529 (e) views "entity scholarship accounts" as either an omnibus account without designated beneficiaries or an account with a specific beneficiary. Such accounts do not need to have a specific individual designated as the beneficiary when the account is established. The entity may designate the beneficiary at the time the scholarship is awarded.

8. An ideal CDA program would automatically *open a single account* to hold public, private, and family contributions.

9. Although College Challenge grant funds appear on NextGen account statements and Quarterly Summaries, ASF retains ownership of all College Challenge funds, and FAME retains ownership of NextGen Matching Grants, including any earnings, until they are used for qualified higher education expenses.

10. To participate in a 529 savings match program, most states require the account owner to complete a match application and sometimes mail copies of tax returns (state, federal, or both) each year to prove income eligibility. Louisiana and Maine are the only states that do not require such paperwork. Louisiana uses state Department of Revenue tax records to automatically calculate and deposit the annual match on contributions to the state's 529 START Saving Program. On the state's 529 application, prospective account owners authorize the Louisiana Tuition Trust Authority to access and use state income tax information to verify federal adjusted gross income to determine eligibility. Louisiana's savings match program is also progressive (i.e., higher match rates go to those with lower household incomes) although all state residents, regardless of income, are eligible to receive at least the minimum match rate (Lassar, Clancy, & McClure, 2011).

11. The NextStep Matching Grant is deposited automatically in the first NextGen 529 account opened per beneficiary (if either the account owner or beneficiary is a Maine resident) for contributions of at least $50 in a calendar year. See http://www.famemaine.com/files/Pages/NextGen/Nextstep_Matching_Grant.aspx.

12. Citing research findings by the Center for Social Development, Nevada Treasurer Kate Marshall launched the College Kick Start as a pilot program in 2013. The initiative automatically established a 529 college savings account with $50 for about 3,400 kindergarten students in 13 rural communities. Statewide expansion of the program announced February 4, 2014, includes nearly 35,000 kindergarten students (see http://collegekickstart.nv.gov/). In his February 6, 2014, State of the State Address, Connecticut Governor Malloy proposed college savings accounts for every child born or adopted in the state. The proposal includes a deposit of $100 into state 529 accounts (Connecticut Higher Education Trust [CHET]). The state also proposes that if parents save $150 in the first four years, they will provide a $150 savings match. Governor Malloy's State of the State remarks can be found at http://www.governor.ct.gov/malloy/cwp/view.asp?A=11&Q=539440.

13. See *Senator Ron Wyden wants children's savings accounts* at http://assets.newamerica.net/blogposts/2014/senator_ron_wyden_wants_childrens_savings_accounts-103297.

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